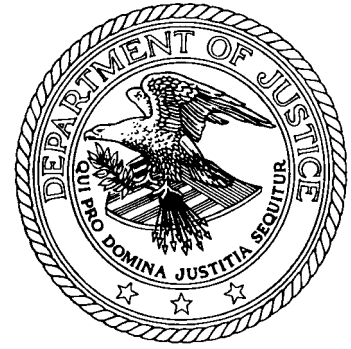


NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - April 13, 2005

United States Attorney Carol C. Lam announced that Samer S. Gadalla and his brother Sherif S. Gadalla, co-owners of Computer Depot Warehouse, pled guilty today to failing to report to the Internal Revenue Service income they received from their business operation. Both defendants, Samer Gadalla and Sherif Gadalla, entered their guilty pleas before U.S. Magistrate Judge Nita L. Stormes, each admitting to filing a false income tax return for 2002.

According to the plea agreement and filed criminal information, between 1998 to 2002 Samer Gadalla and Sherif Gadalla were partners and operators of Computer Depot Warehouse. During this time period, both defendants often received revenue in cash and either spent the cash for their personal benefit or concealed the cash in various locations in their residences. Samer Gadalla and Sherif Gadalla did not report millions of dollars in income they received from their business operation and on their separate individual tax returns they filed for the years 1998 through 2002. According to the plea agreement, the Gadalla brothers agreed that they will be sentenced based on the total amount of tax loss for the years 1998 through 2002, caused by their concealment and that they further agreed to make restitution to the IRS for the entire amount.

Thus, according to the plea agreement, from 1998 through 2002, Samer Gadalla admitted to reporting only \$103,958 when he actually earned \$5,007,853 for that same period. Further, the total amount Samer Gadalla reported for the years 1998 through 2002 as income tax was \$37,895 when defendant Gadalla actually owed \$2,006,905 in income tax for that same period, resulting in a tax loss of \$1,969,010.

Similarly, according to the plea agreement, from 1998 through 2002, Sherif Gadalla admitted to reporting only \$67,699 when he actually earned \$4,925,954 for that same period. Further, the total amount Sheirf Gadalla reported for the years 1998 through 2002 as income tax was \$29,831 when Sherif Gadalla actually owed \$1,979,316 in income tax for that same period, resulting in a tax loss of \$1,949,485.

Both defendants are scheduled to be sentenced on July 1, 2005, at 9:00 a.m. before the United States District Judge Dana M. Sabraw.

United States Attorney Lam said, "The extent of this tax evasion was fairly breathtaking."

Denise L. Rubin, IRS Criminal Investigation Special Agent in Charge for San Diego stated, "It is important for the American public to have confidence in knowing that when they meet the April 15th deadline by filing their tax returns and paying their fair share of taxes that others are doing the same. Individuals risk criminal prosecution when they attempt to evade paying their fair share of income taxes by filing false income tax returns."

DEFENDANTS

Samer S. Gadalla
Sherif S. Gadalla

SUMMARY OF CHARGES

Filing False Income Tax Returns in violation of Title 26, U.S.C. § 7206(1)
Maximum penalty is three years in prison and fine not to exceed \$100,000

AGENCY

Internal Revenue Service - Criminal Investigation Division